

UNITED WAY OF SOUTHWEST LOUISIANA, INC.
Lake Charles, Louisiana

Financial Statements
June 30, 2014

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STEVEN M. DEROUEN & ASSOCIATES

Certified Public Accountants

4827 IHLES ROAD

P.O. BOX 4265

LAKE CHARLES, LA 70606

(337) 513-4915 OFFICE / (337) 205-6927 FAX

steve@sderouencpa.com

Member American Institute of
Certified Public Accountants

Member Louisiana Society of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
United Way of Southwest Louisiana

I have audited the accompanying statements of United Way of Southwest Louisiana, Inc. (the United Way) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Southwest Louisiana, Inc. as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of agency allocations and community services on page 15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated October 3, 2014, on my consideration of United Way of Southwest Louisiana, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way of Southwest Louisiana, Inc.'s internal control over financial reporting and compliance.

Steven M. DeRouen & Associates

Lake Charles, Louisiana
October 3, 2014

United Way of Southwest Louisiana
Statement of Financial Position
As of June 30, 2014

Assets

Current Assets

Cash and cash equivalents	\$ 1,847,302
Investments	665,398
2014 pledges receivable	251,846
2013 pledges receivable (less allowance for uncollectible pledges of \$330,000)	1,711,293
Prepaid expenses	4,404
Other receivables	46,931
Cash and cash equivalents - restricted for natural disaster recovery	141,579
Total Current Assets	<u>4,668,753</u>

Property and Equipment

Furniture and equipment	278,221
Building and improvements	<u>1,153,041</u>
	1,431,262
Less accumulated depreciation	<u>(1,181,474)</u>
	249,788
Land	<u>91,000</u>
Total Property and Equipment	<u>340,788</u>

Other Assets

Investments	<u>250,000</u>
Total Other Assets	<u>250,000</u>
Total Assets	<u><u>\$ 5,259,541</u></u>

Liabilities and Net Assets

Current Liabilities

Accounts payable and accrued expenses	\$ 48,210
Unearned grant proceeds	<u>18,581</u>
Total Current liabilities	<u>66,791</u>

Net Assets

Invested in capital assets	340,788
Unrestricted	<u>4,523,140</u>
Total Unrestricted Net Assets	<u>4,863,928</u>
Temporarily restricted	<u>328,822</u>
Total Net Assets	<u>5,192,750</u>
Total Liabilities and Net Assets	<u><u>\$ 5,259,541</u></u>

United Way of Southwest Louisiana, Inc.
Statement of Activities
For the Year Ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Combined Total</u>
Revenues, Gains and Other Support			
Campaign applicable to current period			
Contributions received - current period	\$ -	\$ 3,492,681	\$ 3,492,681
Contributions received - (released from restrictions)	3,834,387	(3,834,387)	-
Total campaign for current period	3,834,387	(341,706)	3,492,681
Campaign revenue received for next allocation period	-	326,365	326,365
Total campaign for next allocation period	-	326,365	326,365
 Total campaign	3,834,387	(15,341)	3,819,046
 Grant income	-	76,880	76,880
Rent income	-	25,720	25,720
Meeting income	3,840	-	3,840
Investment income	3,614	-	3,614
Special fundraising income	895	-	895
Reimbursement income	-	-	-
Processing fee revenue	2,658	-	2,658
Net assets satisfied by payments	102,600	(102,600)	-
Total revenue , gains and other support	3,947,994	(15,341)	3,932,653
 Allocations and Functional Expenses			
Funds allocated to member agencies	2,503,742	-	2,503,742
Other allocations	50,282	-	50,282
	2,554,024	-	2,554,024
Other functional expenses:			
Fund raising	550,758	-	550,758
Community initiatives	393,907	-	393,907
Management and general	366,962	-	366,962
Total functional expenses	1,311,627	-	1,311,627
 Total allocations and functional expenses	3,865,651	-	3,865,651
 Changes in Net Assets	82,343	(15,341)	67,002
 Net Assets - Beginning of Year	4,781,585	344,163	5,125,748
Net Assets - End of Year	\$ 4,863,928	\$ 328,822	\$ 5,192,750

See accompanying notes to financial statements.

United Way of Southwest Louisiana, Inc.
Schedule of Functional Expenses
For the Year Ended June 30, 2014

	Fund Raising	Community Initiatives	Management and General	Total
Salaries	\$ 206,208	\$ 166,112	\$ 200,480	\$ 572,800
Payroll taxes	18,994	15,301	18,466	52,761
Health and life insurance	31,572	25,433	30,695	87,700
Retirement plan	13,187	10,623	12,821	36,631
Total compensation	269,961	217,469	262,462	749,892
Professional fees	18,617	4,655	7,759	31,031
Office supplies and expense	22,344	5,586	9,310	37,240
Printing	1,944	486	810	3,240
Campaign expenses	40,873	10,218	17,030	68,121
Bad debt expense	30,000	-	-	30,000
Postage and shipping	3,187	797	1,328	5,312
Computer expense	13,759	3,440	5,733	22,932
Telephone	9,795	2,449	4,081	16,325
Utilities	16,230	4,058	6,764	27,051
Repairs and maintenance	23,046	5,761	9,601	38,408
Dues and subscriptions	593	148	247	988
Training and seminars	9,788	2,447	4,078	16,313
Organizational expenses	4,594	1,148	1,914	7,656
Travel	11,162	2,790	4,651	18,603
Insurance	17,581	4,395	7,325	29,301
Meeting expense	5,358	1,340	2,234	8,931
United Way programs	-	113,739	-	113,739
Depreciation	25,506	6,376	10,626	42,508
Miscellaneous	26,422	6,605	11,009	44,036
Total functional expenses	<u>\$ 550,758</u>	<u>\$ 393,907</u>	<u>\$ 366,962</u>	<u>\$ 1,311,627</u>

**United Way of Southwest Louisiana
Statement of Cash Flows
For the Year Ended June 30, 2014**

Cash Flows From Operating Activities

Change in net assets	\$ 67,002
Adjustments to reconcile change in net assets to net cash provided by (used in) operations:	
Depreciation	42,508
Change in allowance for uncollectible pledges	30,000
(Increase) decrease in pledges receivable	(72,055)
(Increase) decrease in prepaid expenses	(3,482)
(Increase) decrease in other receivables	(35,430)
Increase (decrease) in accounts payable	(108,348)
Increase (decrease) in unearned grant proceeds	18,581
	<hr/>
Net Cash Provided (Used) by Operating Activities	(61,224) <hr/>

Cash Flows From Investing Activities

Purchase of investments	(865,399)
Maturity of investments	813,945
Purchase of equipment	(16,141)
	<hr/>
Net Cash Provided (Used) by Investing Activities	(67,595) <hr/>

Net Increase (Decrease) in Cash and Cash Equivalents	(128,819)
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Cash and Cash Equivalents - Beginning of Period	<hr/> 2,117,700
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Cash and Cash Equivalents - End of Period	<hr/> <u>\$ 1,988,881</u>
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Cash and Cash Equivalents at the end of the year consisted of:

Unrestricted Cash	\$ 1,847,302
Restricted Cash	141,579
	<hr/> <u>\$ 1,988,881</u> <hr/>

UNITED WAY OF SOUTHWEST LOUISIANA, INC.
Notes to Financial Statements
June 30, 2014

NOTE 1 - NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The United Way of Southwest Louisiana, Inc. (the United Way) is a nonprofit corporation recognized under the laws of the State of Louisiana for the purpose of raising funds to provide and/or support programs in the areas of education, income, and health. These programs may be provided by United Way or other local nonprofit organizations. The United Way's mission is: Positive Community Impact.

For more than 70 years, United Way of Southwest Louisiana has been committed to building strong, successful families and strengthening our community. When you join the United Way team, you're supporting a powerful movement to impact the region's most pressing health and human service needs.

Currently, United Way of Southwest Louisiana works with our partners to deliver 70 programs and multiple services that target community needs that center around the building blocks for a good life: a quality education that leads to stable employment, sufficient income to support a family through retirement, and sound mental and physical health.

Income Taxes

The United Way is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal and state income taxes is included in the financial statements.

The United Way is required to file the applicable Form 990, *Return of Organization Exempt from Income Tax*. The applicable form is based on the United Way's gross receipts. The United Way is in compliance with the filing requirements of the Internal Revenue Service. Returns are subject to examination by the IRS, generally for three years after they are filed.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the United Way may recognize the tax benefit from an uncertain tax position only if it more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. There were no unrecognized tax benefits identified or recorded as liabilities for the year ended June 30, 2014.

Method of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America. The United Way follows the standards of accounting and financial reporting for voluntary health and welfare agencies prescribed by the United Way Worldwide and the American Institute of Certified Public Accountants.

UNITED WAY OF SOUTHWEST LOUISIANA, INC.
Notes to Financial Statements
June 30, 2014

NOTE 1 - NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Compensated Absences

Vacation and sick leave are recorded as expenditures of the period in which paid. Sick leave is not payable upon termination or resignation. Vacation leave accumulates based on the length of the employee's service. Upon termination or resignation, the outstanding balance of unused vacation leave can be paid to an employee. Any liability as of June 30, 2014 would be considered immaterial and has not been recorded on the United Way's accounting records.

Property and Equipment

The United Way capitalizes expenditures property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Depreciation of property and equipment is calculated on the straight-line basis over the estimated useful life of the asset. The estimated useful lives of such assets are summarized as follows:

Furniture and equipment	5 years
Automobiles	3 years
Building and improvements	25 years

Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose.

Contributed Services and Facilities

The United Way generally pays for services requiring specific expertise. However, individuals volunteer their time and perform a variety of tasks that assist the United Way but these services do not meet the criteria for recognition as contributed services.

UNITED WAY OF SOUTHWEST LOUISIANA, INC.
Notes to Financial Statements
June 30, 2014

NOTE 1 - NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated amount the programs and supporting services benefited. Certain indirect costs have been allocated to the functional categories based on the United Way's analysis of time devoted to each category. The allocation for the year ended June 30, 2014 was based on the following percentages:

Fund raising	60%
Community initiatives	15%
Management and general	25%

Campaign Revenue

Campaign revenues received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions. All donations of campaign revenue are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets are reported in the statement of activities as net assets released from restriction. If a restriction is fulfilled in the same time period in which the donation is received, the donation is reported as unrestricted.

Pledges

Unconditional promises to give or pledges that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give or pledges that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the pledge is received. Amortization of the discount is included in campaign revenue. There were no pledges that are to be collected in future years as of June 30, 2014. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Cash and Cash Equivalents

The United Way considers all liquid investments with an original maturity of three months or less to be cash equivalents. On two bank accounts, donor restrictions have been placed and the amounts of these accounts are shown as cash and cash equivalents – restricted. These accounts are restricted for hurricane recovery efforts.

UNITED WAY OF SOUTHWEST LOUISIANA, INC.
Notes to Financial Statements
June 30, 2014

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2014 consists of the following:

Building	\$ 1,153,041
Land	91,000
Furniture and equipment	278,221
	<u>1,522,262</u>
Less: Accumulated Depreciation	<u>(1,181,474)</u>
Net property and equipment	<u>\$ 340,788</u>

Deprecation expense for the year ended June 30, 2014 was \$42,509.

NOTE 3 – FAIR VALUE MEASUREMENTS

The United Way has a number of financial instruments, none of which is held for trading purposes. The United Way estimates that the fair value of all financial instruments as of June 30, 2014, do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the United Way using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the Organization could realize in a current market exchange. The recorded values of cash and cash equivalents, receivables, prepaid expenses, and accrued expenses approximate their fair values based on their short-term nature.

NOTE 4 - CONCENTRATIONS OF CREDIT RISK

The United Way maintains cash balances at several financial institutions located in Southwest Louisiana. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2014, the United Way's uninsured cash balances total \$1,602,359.

NOTE 5 - BOARD COMPENSATION

Members of the United Way's Board of Directors receive no compensation and are reimbursed only for any expenses incurred related to the United Way's business which must have appropriate supporting documentation.

UNITED WAY OF SOUTHWEST LOUISIANA, INC.
Notes to Financial Statements
June 30, 2014

NOTE 6 - INVESTMENTS

The United Way applies GAAP for fair value measurements of financial assets that are recognized at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair market hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the United Way has the ability to access.

Level 2 inputs are inputs (other than quoted prices included in Level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available).

As of June 30, 2014, the United Way's investments measured on a recurring basis consisted of certificates of deposit with fair market value (Level 2) and costs bases as follows:

	Amortized Cost	Fair Value	Unrealized Loss
Certificates of Deposit (Level 2 Cost Basis)	\$ 915,398	\$ 915,398	\$ -0-

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2014 are available for the following purposes:

Time restrictions:	
2014 campaign pledges recognized in current period	\$ 326,365
Purpose restrictions:	
Tom Morris Memorial Fund	2,457
Total temporarily restricted net assets	\$ <u>328,822</u>

NOTE 8 - NET ASSETS RELEASED FROM RESTRICTION

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors as follows for the year ended June 30, 2014:

Time restrictions:	
2013 campaign revenue	\$ <u>3,834,387</u>

UNITED WAY OF SOUTHWEST LOUISIANA, INC.
Notes to Financial Statements
June 30, 2014

NOTE 9 – RETIREMENT BENEFITS

The United Way sponsors a 401(a) defined contribution plan and tax-deferred annuity plan that covers all eligible employees. Eligible employees include persons with one year of service with a minimum age of 21 years. Employer contributions for the 401(a) plan shall be 10% of the participant's compensation for the plan year. Employees have the option to contribute to the tax-deferred annuity plan from 1% of salary to the maximum amount permitted by law. Total costs and employer contributions for the year ended June 30, 2014 were \$36,631.

NOTE 10 – COMMUNITY INITIATIVES

Helpline is an initiative that assists the community with needs such as utility payments, rent, deposits, medicine or other expenses. Partnering agencies in our community can ask for financial assistance on behalf of clients to pool resources together to meet the needs of the community. Clients must meet the assistance guidelines of the requesting agency, and the financial burden is shared by multiple agencies in the community. On occasion, special projects are funded and set aside by United Way Board of Directors. This project focuses on the Safety Net Initiative of UWSWLA.

United Way hosted nine traditional Volunteer Income Tax Assistance (VITA) sites across the five parish area with a total economic impact of \$2.9 million. Promoting the Earned Income Tax Credit (EITC) and free tax preparation services, the VITA program is a partnership between United Way, the IRS, and other community partners. Community volunteers are trained and certified to prepare basic income tax returns. Approximately 3,500 federal and state returns were prepared in the 2013-2014 tax season. The program is supported by a grant from the IRS and Entergy, and concentrates on the Income Initiative of United Way.

Focusing on the Health Initiative, United Way distributes Pack N Play portable cribs to low-income families of our community. To help reduce the Infant Mortality Rate in our area, the Cribs for Kids program holds educational classes for new and expecting parents and caregivers. Safe Sleep guidelines are explained the 45 minute class, and participants receive a safe place for their infant to sleep. This program works closely with community partners to provide educational information on Safe Sleep through these classes as well as a Community Wide Baby shower. Funds from the Louisiana Children's Trust Fund and the Cribs for Kids Organization support these programs. These community partners also participate in Safety Town, education children on safety at home, pedestrian safety, 9-1-1, automobile safety, the importance of child restraints, and medical screenings. The Safety Town program is supported by fundraising from Alcoa.

For the Education Initiative, United Way participates with Dolly Parton's Imagination Library to provide free books for children birth to age 5. Through sponsorships from Sasol, Entergy and the Calcasieu Parish School Board – Early Childhood Department, children in the Westlake, Kaufman and Nelson Elementary School districts as well as Head Start Centers across the parish, receive a free book each month from birth to age 5, helping to build their home library and encourage lifelong literacy skills.

UNITED WAY OF SOUTHWEST LOUISIANA, INC.
Notes to Financial Statements
June 30, 2014

NOTE 11 - SUBSEQUENT EVENT

The United Way evaluated its June 30, 2014 financial statements for subsequent events through October 3, 2014, the date the financial statements were available to be issued. The United Way is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

SUPPLEMENTAL INFORMATION

United Way of Southwest Louisiana, Inc.
Agency Allocations and Community Services
For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Other Allocations</u>
Abraham's Tent	\$ 114,911	\$ 76,000	\$ 38,911
Allen Council on Aging	38,110	38,110	-
American Red Cross	112,000	112,000	-
BeauCare	115,344	115,344	-
Beau A.R.C.	37,993	37,993	-
Beauregard Community Concerns	130,000	130,000	-
Beauregard Council on Aging	55,000	55,000	-
Beauregard Special Olympics	9,688	5,000	4,688
Big Brothers Big Sisters	122,094	122,094	-
Boy Scouts Louisiana Purchase Council	5,000	5,000	-
Boys & Girls Village	151,800	151,800	-
Calcasieu Association for Retarded Citizens	144,050	144,050	-
Calcasieu Community Clinic	29,600	29,600	-
Calcasieu Council on Aging	114,000	114,000	-
Calcasieu Women's Shelter	179,075	179,075	-
Cameron Council on Aging	61,800	61,800	-
Children's' Museum	29,885	26,310	3,575
Community Partners	3,287	4,144	(857)
Family & Youth Counseling	299,526	299,526	-
Foreman-Reynaud YMCA	108,424	108,424	-
Girl Scouts - Louisiana Pines to the Gulf	26,161	26,161	-
Jeff Davis Addictive Disorders	53,350	53,350	-
Jeff Davis Council on Aging	44,290	44,290	-
Jeff Davis Special Olympics	7,965	2,500	5,465
Junior Achievement	30,000	30,000	-
Literacy Council of Southwest Louisiana	107,356	107,356	-
NAMI	20,000	20,000	-
Salvation Army	128,100	128,100	-
Second Harvest Food Bank	19,000	19,000	-
Southwest Louisiana Law Center	65,000	65,000	-
Louisiana Association of United Way-211	51,000	51,000	-
CADA-Jeff Davis Communities Against Domestic Abuse	37,030	37,030	-
Community Chest	12,000	12,000	-
Parkinson's Assoc. of the South	10,439	9,185	1,254
Iberia Comprehensive	12,000	12,000	-
Louisiana Association of United Way Dues	25,699	26,500	(801)
United Way Worldwide	43,047	45,000	(1,953)
	<u>\$ 2,554,024</u>	<u>\$ 2,503,742</u>	<u>\$ 50,282</u>

STEVEN M. DEROUEN & ASSOCIATES

Certified Public Accountants

4827 IHLES ROAD

P.O. BOX 4265

LAKE CHARLES, LA 70606

(337) 513-4915 OFFICE / (337) 205-6927 FAX

steve@sderouencpa.com

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors

United Way of Southwest Louisiana, Inc.

Lake Charles, LA

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Way of Southwest Louisiana, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated October 3, 2014.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered United Way of Southwest Louisiana, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of United Way of Southwest Louisiana, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of United Way of Southwest Louisiana, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether United Way of Southwest Louisiana, Inc.'s financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Steven M. DeRouen & Associates

Lake Charles, Louisiana
October 3, 2014

UNITED WAY OF SOUTHWEST LOUISIANA, INC.
Schedule of Findings and Responses
June 30, 2014

A. Summary of Independent Auditor's Results:

1. Unqualified opinion on financial statements.
2. Significant deficiencies and material weaknesses in internal control – none reported.
3. Noncompliance material to the financial statements – none reported.

B. GAGAS Finding:

None reported.

C. Prior Year Findings:

None reported.